

Drake Resources Limited

Quarterly Activity Report March 2008

HIGHLIGHTS

- **Drake has concluded a new option arrangement with Rex Minerals Ltd for the Mt Carrington Project, NSW**
 - **Rex has a 12 month period to exercise an option for the purchase of a 100% interest in the Mt Carrington project.**
 - **The consideration for the option for Drake's interest in the project is \$135,000**
 - **After exercising the option to purchase, Drake will receive the following further consideration for the Project:**
 - **\$765,000 cash**
 - **\$1,350,000 in the form of Rex Shares, based on VWAP of Rex Shares during the 30 trading days prior to completion.**
- **The Drake Resources Ltd and Zinifex Ltd base metal alliance has extended its Scandinavian activities into Finland**
- **Drake and Zinifex have seventeen target-specific exploration joint ventures sole-funded by Zinifex**
- **Exploration programs continue in Zinifex-Drake joint venture areas in Sweden**
 - **Integrated geological interpretations of the geology of the Falun, Bersbo and Doverstorp Projects Areas have been completed**
 - **The construction of a 3D model for the historic Falun mine using consultants has commenced**
 - **A detailed airborne electromagnetic survey for the Falun and Bersbo Project Areas will commence in early May**
 - **Ground electromagnetics surveys for two high priority prospects is in progress**

- **Three further projects are being explored with Alliance funds**



Drake exploration regions

MT CARRINGTON, NEW SOUTH WALES

Drake has granted an option to Rex Minerals Limited (Rex) to purchase all of its interests in the Mt Carrington gold-silver project in northern NSW. These interests include Drake's option to purchase a 90% participating interest in 22 mining and related leases from Virotec International PLC (Virotec), Drake's 90% interest in EL 6273 with Cazaly Resources Ltd (Cazaly), and its 100% interests in ELs 6452 and 6453. Drake's agreement with Rex follows lengthy discussions involving all four companies with a view to restructuring the project for advanced-stage exploration and resource assessment.

Mt Carrington is an epithermal gold-silver system. The project was mined by Mt Carrington Mines Ltd in the late 1980s, and lay dormant until Drake acquired its option over the leases in 2005.

Drake completed a focussed programme of data acquisition, processing and interpretation. This was followed by detailed structural mapping, and reverse circulation drilling of targets in the gold, silver and supergene copper systems. This work confirmed the presence of a gold-silver resource and Drake concluded that a major exploration and development programme would be required to progress the project.

The terms of the option agreement are as follows:

- Rex has a 12-month option to purchase a 100% interest in the Mt Carrington project, including Drake's 90% participating interest.
- The consideration for the option over Drake's interest in the project is \$135,000.
- If Rex exercises the option to purchase, it will pay Drake the following further consideration:
 - \$765,000 cash, plus
 - \$1,350,000 in the form of Rex Shares, based on the volume-weighted average price of Rex shares during the 30 trading days prior to completion

The sale is conditional upon Rex obtaining the renewal of the Mining Leases, and the consent from the Minister to the transfer of the Mining Leases from Virotec's Mt Carrington Mines Pty Ltd to Rex.

In addition, the Drake Resources Board has accepted the offer from Rex Minerals Ltd for the following reasons:

- Development of the Mt Carrington property requires a level of expenditure that is beyond Drake's present funding capacity.
- Drake will retain an interest in Mt Carrington through its shareholding in Rex, plus exposure to Rex's high-quality gold and copper-gold exploration portfolio.
- The sale will provide cash to fund exploration of Drake's existing portfolio of properties, plus any new opportunities that emerge.
- The time taken to manage the complex Mt Carrington project will now be available for staff to focus on improving other Drake projects.
- Rex has the management and technical skills and the financial resources to fully exploit the opportunities as Mt Carrington.

DRAKE-ZINIFEX ALLIANCE – PROJECT GENERATION

Drake Resources Ltd and Zinifex Australia Ltd have an alliance to seek out zinc exploration and development opportunities in several of the most prospective areas around the world. Drake is the Manager of the Alliance. The purpose of the Alliance is to bring together Drake's technical project generation skills in base and precious metals exploration and Zinifex's operational capabilities in advanced project exploration, mineral project development and mining.

Seventeen specific target proposals put forward by Drake have been accepted by Zinifex. These have become 50:50 exploration joint ventures within the Alliance, initially sole-funded by Zinifex. Field programmes on nine of these are about to commence in the current northern spring.

Several further targets are under consideration in Australia, Sweden and Canada.

Alliance-funded properties – Skommer and Ruda

Preliminary exploration of the Skommer and Ruda base metal properties in northern Sweden is funded by the Alliance. If this work is successful both properties will be considered by the Alliance to become a Drake-Zinifex Joint Venture.

Programmes of glacial till sampling have been completed to facilitate the assessment of the properties. The initial assay data of the till samples is encouraging and further programmes of sampling is planned for this year’s field season.

Finland

The Drake-Zinifex Alliance has commenced the evaluation of opportunities in the zinc-, copper- and nickel belts of southern and central Sweden. The region is host to several current and historic base metal mines, including Outokumpu, Kotalahti, Vammala, Pyhasalmi and Vihanti.

DRAKE-ZINIFEX BASE METAL JOINT VENTURES - SWEDEN

Drake has been acting as Manager of the exploration joint ventures on behalf of the Alliance.

The Alliance’s joint ventures in Sweden occur in the major Bergslagen base metal province of central Sweden. The province contains two of the largest base metal mines in Europe, Zinkgruvan and Garpenberg, The province also contains the Falun copper-zinc-gold mine, which closed in 1992, and is now held by the Drake-Zinifex Joint Venture

Falun 100

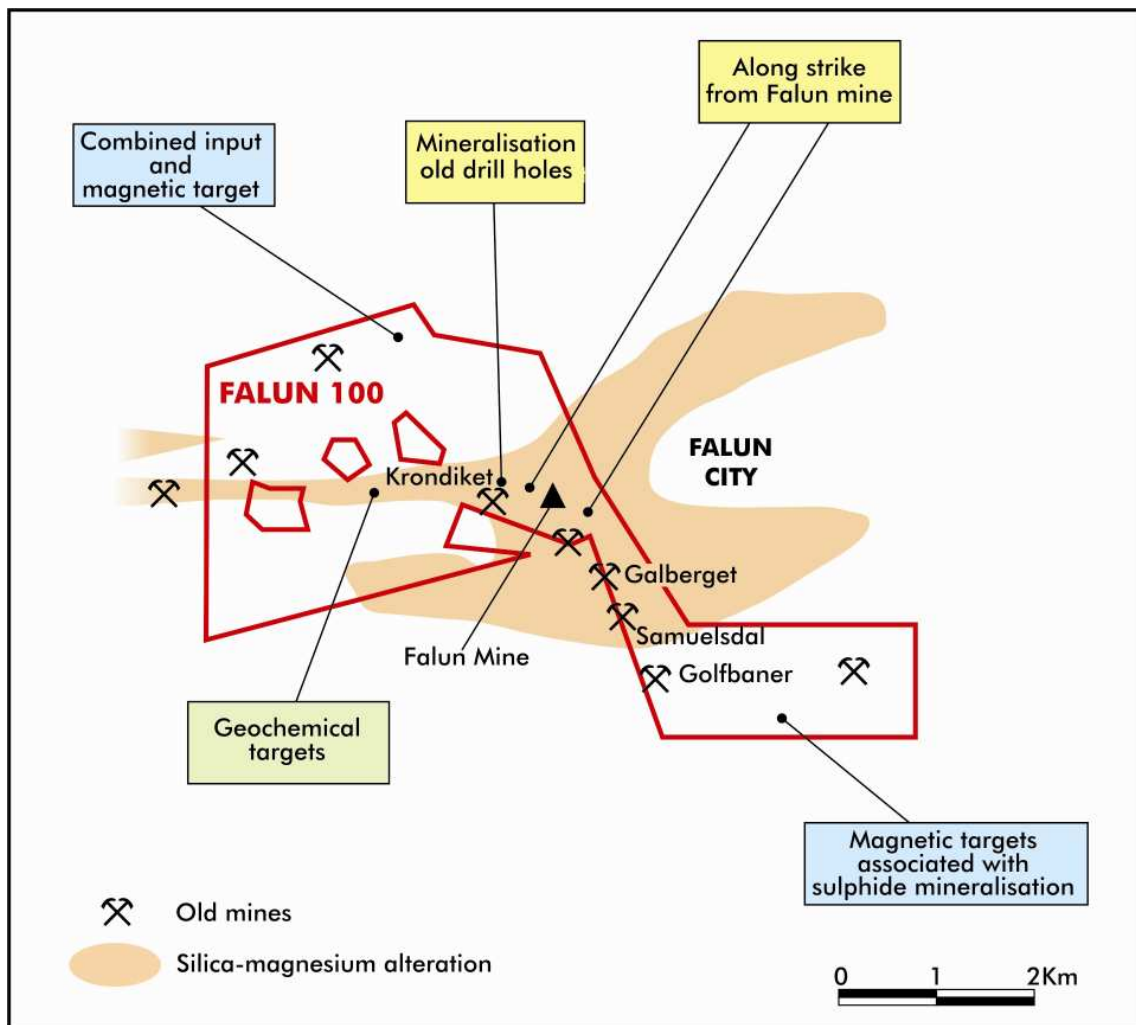
Falun 100 covers the historic, world-class Falun copper mine which operated for over 1300 years until its recent closure in 1992. During the 17th and 18th centuries Falun was the world’s largest copper mine, producing two-thirds of the world’s copper.

Whilst best known as a major copper producer, Falun was also Sweden’s largest gold mine and the second largest silver mine.



Sweden - Falun Location Map

Detailed geological mapping of the licence and surrounding area was completed in the 2007 northern summer. This fieldwork has been integrated with an overall interpretation of the area by the Drake/Zinifex specialist consultants. The results of this work have been received from the consultants, and now being integrated into this field season's programme.



Existing targets within the Falun 100 licence; the Falun mine is marked with a black triangle

A detailed airborne electromagnetics survey is scheduled to be flown in early May. This survey will cover the Falun 100 and Falun 101 licences, and the adjacent licences in the Falun Project Area.

It is anticipated that the new geology and geophysics will lead to drill targets for testing in the coming northern summer.

The Falun copper-zinc mine

Drake and Zinifex consider that copper, zinc and gold ores remain within and around the historic Falun Mine. The companies have put in place a programme to assess the economic potential of remaining ore and new orebodies that have yet to be identified.

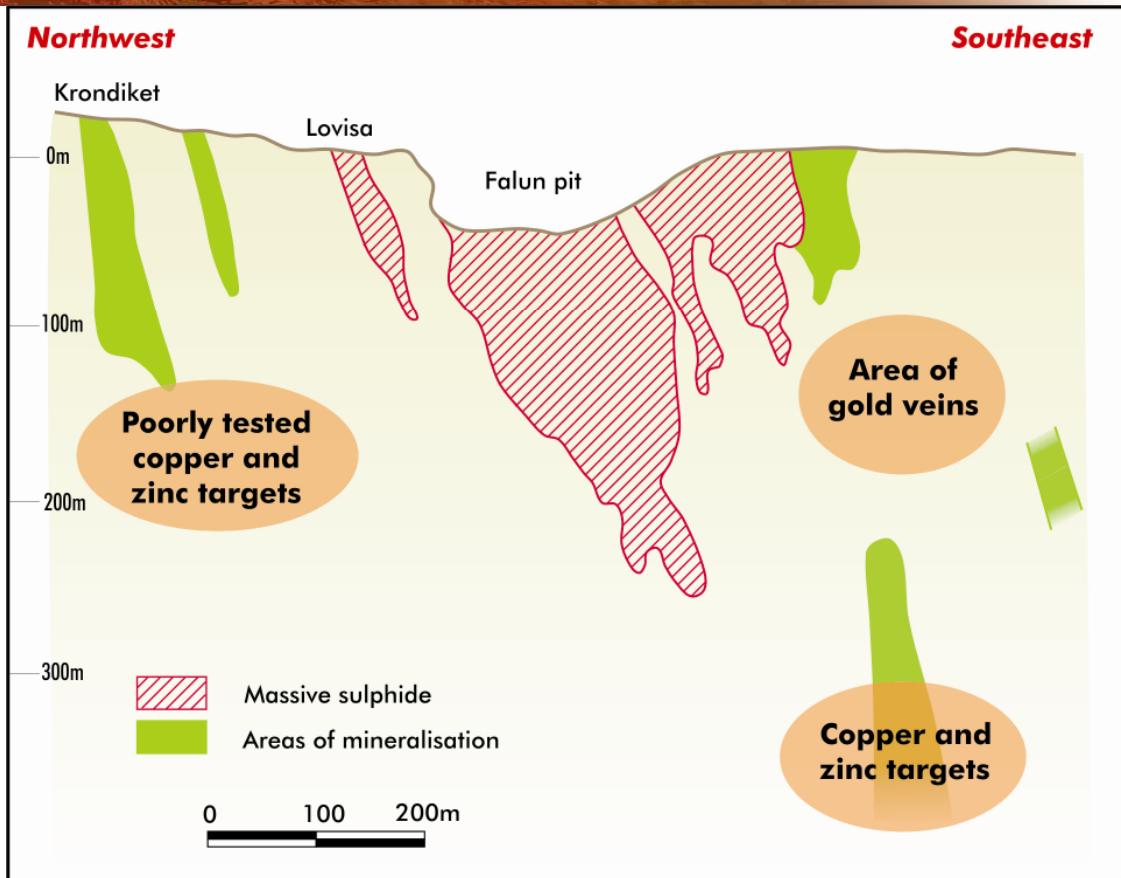
The main elements of this programme include:

1. The acquisition of all level plans and sections through the existing mine workings; many of these plans and sections have been previously scanned and registered for use in Geographic Information Systems by the Swedish Geological Survey
2. Digitising the drill hole logs and establishing a drill hole database for use in section plotting
3. Locating, logging and sampling the existing drill core for the Falun mine area
4. Building a three-dimensional model for the mine and its immediate vicinity based on the plans and drill logs

Work on the 3D model is well underway. All level plans and sections have been put into the model. The main mineralisation types and the key geological units are now being linked between the sections and level plans.

The programme for the next quarter includes the continuation of the interpretation based on the sections and plans, and the introduction of the drill hole database into the model.

The programme of logging and sampling of existing drill core has commenced.

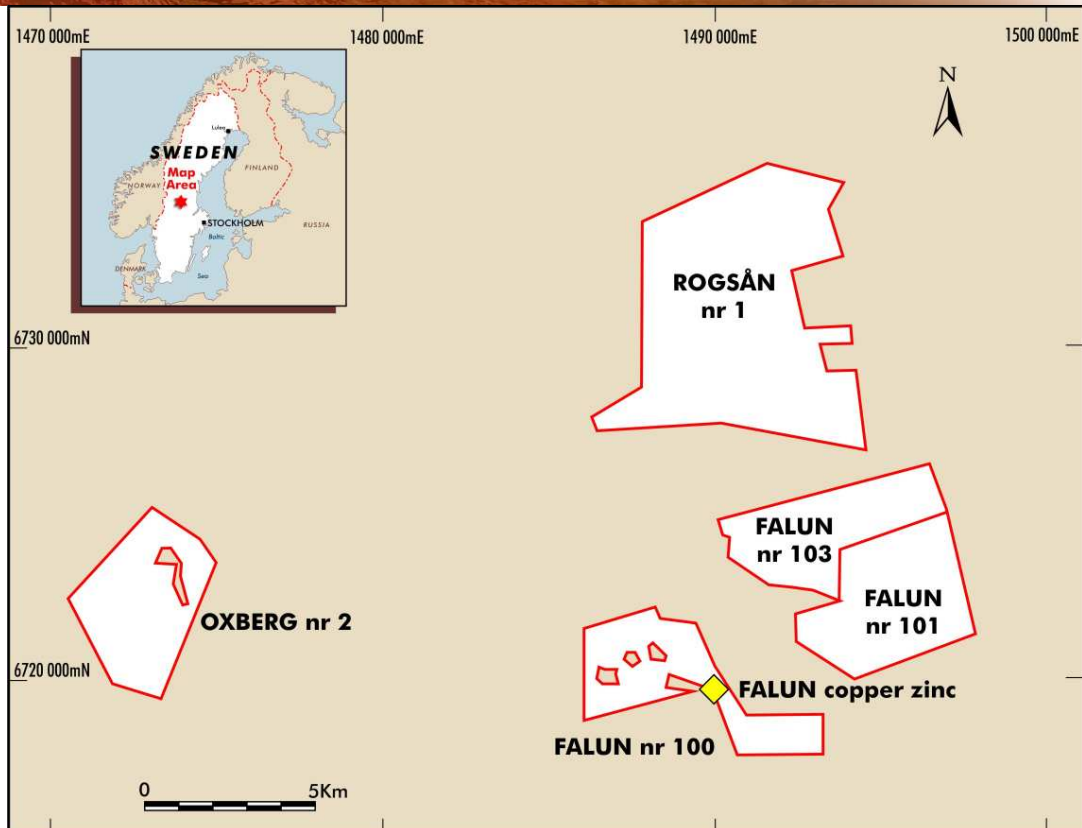


Sweden - Falun Sulphide Section

Rogsån Exploration Licence

Rogsån is part of Drake-Zinifex's portfolio of properties around the mining centre of Falun. The licence is characterised by:

- the same prospective host-rock package as that at the nearby Falun copper mine
- several mineral occurrences, including six historic, small copper and zinc mines
- widespread silica-magnesia alteration of the type found at Falun
- a large district-wide copper-zinc geochemical anomaly around Falun
- an extensive series of copper boulder trains which indicate significant mineralisation in the bedrock scoured out and dispersed by glaciation.



Location of the Rogsån licence relative to the other tenements of the Drake-Zinifex portfolio in the Falun Project

Drake has carried out a programme of re-assays of recently accessed drill core from a drilling programme, completed 46 years ago.

The copper, silver and zinc assays show several significant mineralised intercepts, including:

The drill hole intersections are as follows:

| Hole No | From | Intersect | Cu (%) | Pb (%) | Zn (%) | Ag (g/t) |
|------------|-------|-----------|--------|--------|--------|----------|
| Rogsån 001 | 21.0m | 2.0m | 0.4 | 1.1 | 3.4 | 32 |
| Rogsån 005 | 20.5m | 9.5m | 1.2 | 0.1 | 0.5 | 30 |
| Rogsån 006 | 6.1m | 6.1m | 3.0 | 0.3 | 0.7 | 107 |

The available drill logs for other holes in the area indicate the following geology; these drill holes were not sampled:

| Hole No | From | Intersect | Comments |
|------------|------|-----------|---------------------|
| Rogsån 002 | | | No mineralisation |
| Rogsån 003 | 5.2m | 0.7m | Disseminated copper |
| Rogsån 007 | 29.8 | 0.3m | Disseminated copper |
| Rogsån 008 | | | No mineralisation |
| Rogsån 009 | | | No mineralisation |

No reports for this exploration in 1962 are available, and therefore the exact locations of the drill holes are not known. Approximate positions are shown on the plan below.

Gold assays are still awaited.

The drill holes were part of a programme completed by Boliden in 1962. All holes were drilled vertically.

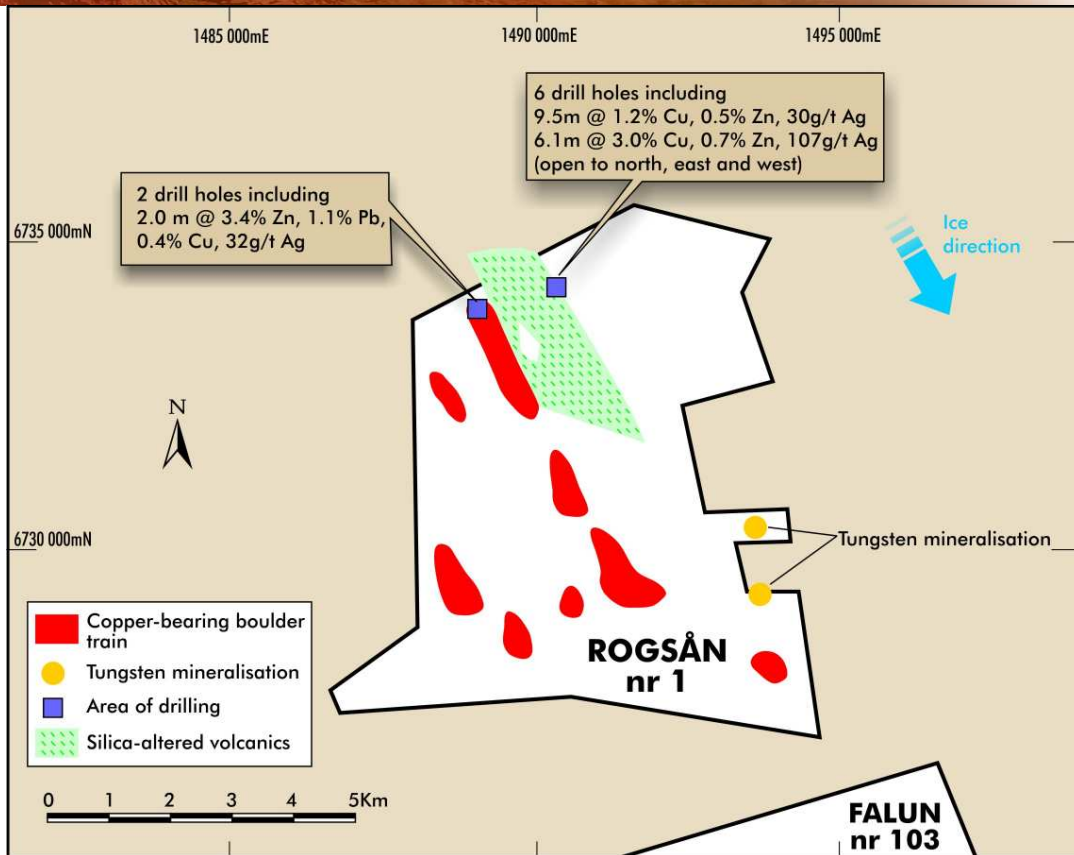
As part of the Alliance's ongoing investigations of previous work in the Falun area, Drake located the drill core, logged and sampled selected sections for assay as there are no assay results for this drill core on the public record. Nor is there any record of any further drilling in the area since 1962.

Of particular interest are the assays of holes Rogsån 005 and 006, which are from a cluster of 6 holes within an area 200 metres by 130 metres. A further two of the six holes also have thin developments of copper mineralisation. The area of mineralisation is open to the east, north and west. Past drilling has only tested for shallow mineralisation, with the drill holes being between 29 and 72 metres in length.

The mineralised glacial boulder trains in the area demonstrate the potential of the area. Boulders containing between 0.5% and 3.8% copper have been found on the surface over a distance of 5 kilometres. Often referred to as a boulder train, the boulders have been transported by glacial action, and the source area is interpreted to lie within the northern part of the licence area. At this stage, it is not known whether the boulder trains are derived from a single bedrock source or multiple sources as they have only been tested by the two drill holes.

The drilling completed within the 44 square kilometre Rogsån licence to date shows that it contains both styles of mineralisation found at Falun, namely copper-silver and zinc-lead-copper-silver. The numerous mineral occurrences, the widespread silica-magnesia alteration and limited previous exploration are indicators of the prospectivity of the licence area underpinning continued exploration by the Alliance.

The property also contains the Rostberget tungsten prospect, which was explored in the 1980s.

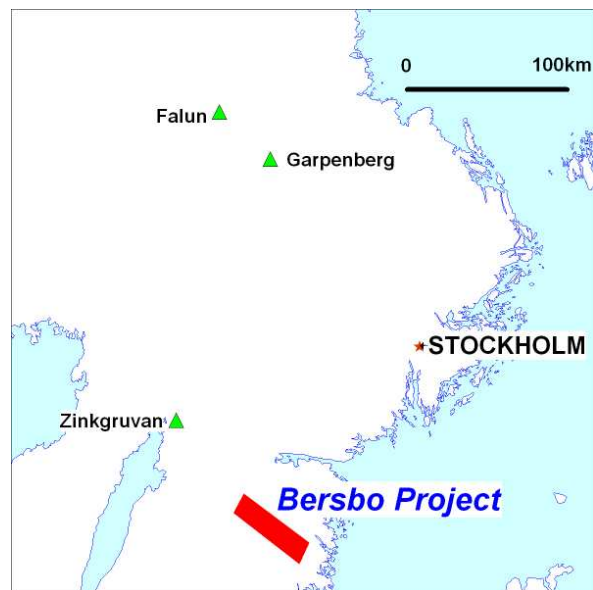


Bersbo

The Drake-Zinifex Alliance now holds 240 square kilometres of the Bersbo massive sulphide belt.

The Alliance has now secured what it considers to be the most prospective parts of belt containing the historic Bersbo copper mine in Sweden. Despite Bersbo being the second largest historic copper mine in the Bergslagen Province, the belt has not attracted any modern exploration, and remains effectively unexplored.

Bersbo Project area approximately 150 kilometres southwest of Stockholm; Major deposits of Bergslagen shown as green triangles



The main focus of the Alliance exploration programme at Bersbo in 2008 will be to evaluate all nine licences and applications. A detailed airborne magnetics survey, and ground mapping and sampling, were completed in the 2007 field season. The programme will continue in 2008 with the completion of an airborne electromagnetic survey in the first half of the year, further mapping and sampling, and shallow drilling to sample bedrock beneath the glacial till.

These new data will be integrated with existing data. The Alliance anticipates that a number of drill targets will be generated by this work for testing during in the northern summer.

Doverstorp

The Alliance has a single exploration licence that contains the historic Doverstorp Mineral Field in the Bergslagen district of Sweden. The licence is 23 square kilometres in area.

Doverstorp is located 45 kilometres southeast of Lundin Mining Corporation's Zinkgruvan zinc-lead-silver mine near Askersund, southern Sweden. Zinkgruvan has been in production continuously since 1857. It is the largest underground zinc mine in Sweden, and is amongst world's the lowest cost producers.

The Alliance has now received a detailed geological interpretation of the Doverstorp area from its consultants. The interpretation is based on the detailed airborne magnetics and geological mapping completed in 2007.

DRAKE-ZINIFEX BASE METAL JOINT VENTURES - AUSTRALIA

Oak Park, Queensland

The Zinifex - Drake Resources Alliance has signed a joint venture agreement with Queensland Gold and Minerals Ltd (QGM) to explore the Oak Park area in Queensland.

The main Oak Park target area contains the Friday, Lauries, West Fence and Bloodwood base metal prospects.



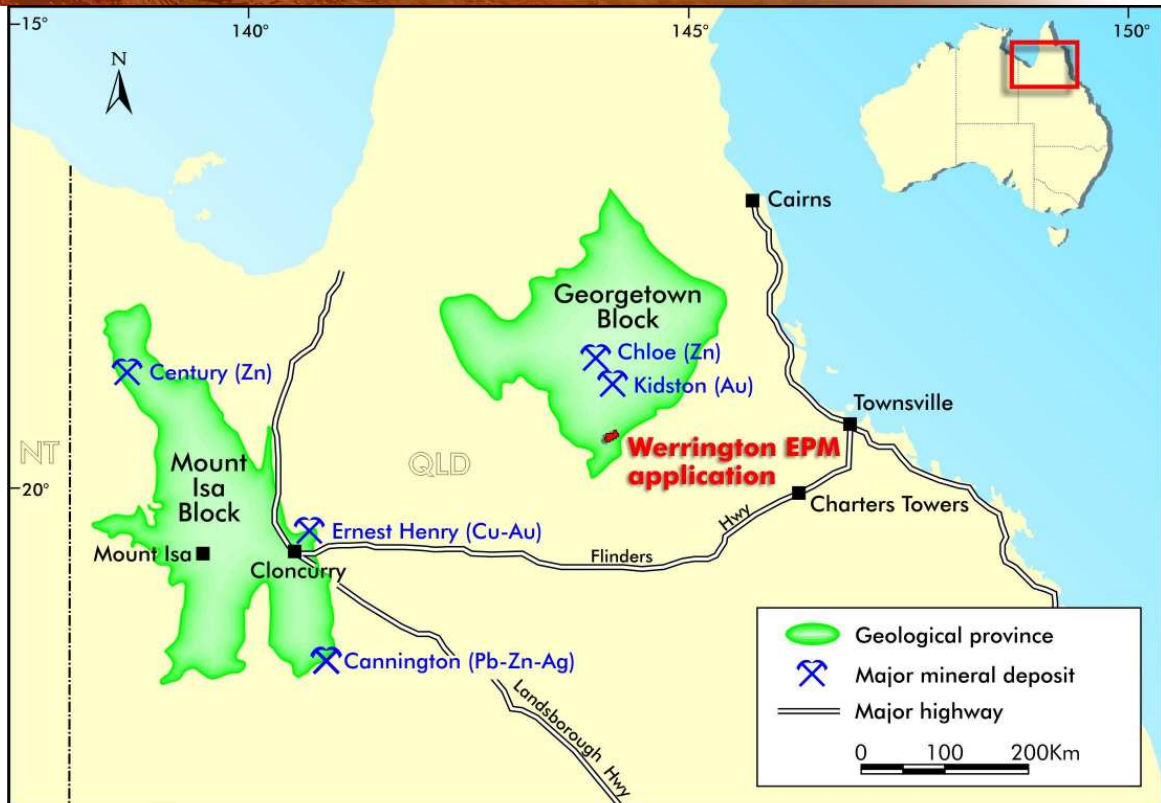
Location Plan - Oak Park Joint Venture

Under the agreement with QGM, the Alliance has the sole right to explore and develop any Cu, Pb, Zn, Ag mineralisation within EPM 14128. The Alliance would commit to a minimum annual expenditure of \$50,000 until the completion of a Bankable Feasibility Study (BFS). The joint venture will be terminated after 5 years if a JORC defined base metal resource has not been established. At the completion of a BFS, Drake/Zinifex shall hold an 80% interest and QGM shall hold a 20% interest in the potential Mining Area which includes the resource(s) and the required processing and infrastructure areas.

A programme for the exploration of the Oak Park area has been prepared by the Alliance.

Werrington, Queensland

The Zinifex - Drake Resources Alliance has applied for the 100 % owned Werrington exploration permit, EPM 16647. The Werrington exploration permit application is located immediately south of the JV area with Queensland Gold & Minerals Ltd, 50km south of Kidston in north Queensland



Location Plan - Werrington EPM Application

The information in this report that relates to Exploration Results, Mineral Resources, or Ore Reserves is based on information compiled by Dr Robert Beeson. Dr Robert Beeson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking. This qualifies Dr Beeson as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Robert Beeson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Dr Beeson is a Member of the Australian Institute of Geoscientists.